

September 28, 2001

Mr. James L. Connaughton  
Chairman  
Council on Environmental Quality  
Executive Office of the President  
17<sup>th</sup> and G Streets, NW  
Washington, DC 20503

Attention: Energy Task Force

Thoroughbred Generating Company (TGC) submits the following in response to the information request of the Energy Task Force contained in 66FR43586. TGC wholeheartedly supports the intent of Executive Order 13212 to establish an inter agency task force to "work with and monitor federal agencies' efforts to expedite their review of permits or take other actions necessary to accelerate the completion of energy related projects, while maintaining public health and environmental protections." TGC believes that the task force could be extremely useful in assisting TGC to develop the Thoroughbred Energy Campus, a proposed 1,500 MW very clean coal, low-cost, mine-mouth electricity generation project located in Muhlenberg County in Western Kentucky.

Please accept the following requested information:

1. **Name of project:** Thoroughbred Energy Complex
2. **Entity proposing project:** Thoroughbred Generating Company, a wholly owned subsidiary of Peabody Energy Incorporated. Peabody is the largest coal producer in the United States. Peabody is in active discussion with a potential partner in the project, which is a major owner and operator of electricity generating facilities worldwide.
3. **Category of the project:** Clean coal electricity generation and transmission
4. **Description of project:** Thoroughbred Energy Campus (TEC) is a proposed 1,500 MW very clean coal, low-cost, mine-mouth generation project located in Muhlenberg County, in Western Kentucky, 2 miles northeast of Central City, Kentucky. The 1,500 MW project consists of two, 750 MW subcritical, pulverized coal boilers and will be equipped with the state-of-the-art emission controls including low NOx burners, SCRs, dry circulating fluidized bed scrubber or wet scrubber and a baghouse or a wet electrostatic precipitator. TEC, as proposed, will set an overall environmental standard for plants of its size not seen in the US previously and is truly clean coal technology applied on commercial scale.

The TEC site is over 4,100 acres of land owned by Peabody and includes the mine, power plant and any necessary ash disposal facilities. The project will create 300 – 350 full time mining jobs and 100 – 150 full time power plant operations and maintenance jobs. In addition, the TEC Project will generate onsite construction jobs for up to 1,500 people at peak periods and significant labor will be required for the in shop manufacturing of the major components for a coal plant of this size. Finally, when completed, TGC will provide reliable, affordable electric supply; which will benefit the United States economy while at the same time help secure our energy future through clean coal technology.

**5. Agency approvals or consultation required:**

**Federal**

- Army Corps of Engineers
- Environmental Protection Agency
- Federal Aviation Administration
- Federal Energy Regulatory Commission
- Fish and Wildlife Service
- National Park Service
- Office of Management and Budget
- Tennessee Valley Authority

**State**

- Kentucky Department of Environmental Protection
- Kentucky Heritage Council
- Kentucky Public Service Commission
- Kentucky State Nature Preserves Commission
- Kentucky Transportation Commission

**Air Permit**

TGC's Prevention of Significant Deterioration, Title V, Acid Deposition air permit has been filed with the Kentucky Department of Environmental Protection, Division of Air Quality (KYDAQ) and is being reviewed by the KYDAQ along with the National Park Service (NPS), Fish and Wildlife Service and EPA Region 4. The initial permit application was submitted to the KYDAQ on February 26, 2001. The application was deemed administratively complete on April 23, 2001. On May 24, 2001 the KYDAQ requested TGC to respond to National Park Service (NPS) questions and concerns over visibility impacts on Mammoth Cave National Park and the impact of emissions on endangered species and vegetation. Review of the permit has been put on hold pending resolution of the issues raised by the NPS. TGC has since revised its air permit to take the visibility issues into account by proposing use of control equipment for SO<sub>2</sub>, NO<sub>x</sub> and sulfuric acid mist emission removal that is beyond the levels currently accepted as "best available control technology". Peabody has offered to work with the NPS to try to address their concerns regarding any potential adverse impacts from TEC air emissions on endangered vegetation or species, but believe they should be more appropriately addressed outside of the air permit process.



Discussions TGC have recently had with the NPS have been encouraging; however, it is still not clear that TGC will be able to totally satisfy the concerns of the NPS. TGC believes a holistic approach can be used to address NPS and others' concerns and also achieve the great energy and economic benefits to the area and surrounding region the TGC will deliver. TGC wants to insure that all aspects of the project are considered together including the need to protect the county's national heritage areas and the need for clean, affordable, reliable and secure energy and economic needs of the country. It is clear that such an approach is consistent with Executive Order 13212. TGC recommends that the Task Force examine the air permitting process for energy projects and establish a complimentary system that clearly places the permitting authority within the entity responsible by law, allows the warranted concerns of other federal agencies to be considered, and allows for balance between the environmental, economic and energy needs of the nation.

#### **Transmission Interconnection**

TGC has applied for transmission interconnections with American Electric Power (AEP), Big Rivers Corporation and Tennessee Valley Authority (TVA). Both AEP and Big Rivers have processed the request and completed the initial study in less than 90 days. TGC is pursuing the Big Rivers request to the next phase, which includes a regional study to look at impacts on neighboring systems including Louisville Gas & Electric, Owensboro Municipal Utilities and TVA. This detailed regional study will identify all of the affected transmission systems and what specific costs would be incurred to complete the interconnection.

In the case of the direct interconnection with TVA, TGC has been placed in TVA's queue with other interconnection requests. TVA has informed TGC that it will take TVA more than a year from the time of the request before TVA will be able to begin the process of studying the request. Once begun, the study process could easily take another year to complete. This long time line is clearly beyond the reasonable expectation of a generation developer. The long lead-time will create some uncertainty as to the size and timing of the project. The slower the response from TVA, the longer it could be before construction begins and the economic benefits of the construction jobs and ultimately low cost power begin to flow into the Commonwealth of Kentucky and Eastern energy markets as well as improve the reliability of the TVA transmission system.

TVA's transmission interconnection queue is roughly a year behind others in the electricity industry. It is not clear whether this is a problem that is unique to TVA because of its large transmission system or generic to the industry. TGC believes a coordinated effort between all the regional electric utilities and FERC is needed to determine the cost of interconnecting generation facilities in a timely manner so final financial commitments can be made for a project. Without this assurance of access to the power grid, no one can make the financial commit to power projects that have capital costs in the billions of dollars. A two-year wait to get the answer from a transmission study, which if "fast-tracked" would take less than 6 months, is unacceptable. Since Mr. interconnection with existing transmission systems will be at the heart of any new generation project, it would appear new electric generation facilities are being severely delayed and possibly stopped by the inability to study transmission interconnections in a timely manner.

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TGC looks forward to the timely implementation of Executive Order 13212. We believe that the TGC would be an ideal candidate to showcase the need for Executive Order 13212 and of the positive impacts it can have in the local and regional area. Any assistance the Council on Environmental Quality can provide in coordinating and expediting the permits and application for TGC would be greatly appreciated. Peabody Energy believes TGC's environmental performance will set the industry standard and should be approved and brought to commercial operation as soon as possible to showcase the environmental improvements of clean coal technology on a commercial scale. A timely resolution of the air permit and transmission interconnections will create high paying skilled labor jobs at a time when economic uncertainties abound. Finally TGC's low cost, reliable energy will provide the US with another stable energy source to meet the growing energy requirements of the nation. If there is need for additional information or support from TGC, please do not hesitate to contact me at 314-342-7613.

Sincerely,



Dianna Tickner  
President  
Thoroughbred Generating Company

cc: United States Senator Mitch McConnell  
United States Representative Ed Whitfield  
Commonwealth of Kentucky Governor Paul Patton